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U.S. ANNOUNCES GUILTY PLEAS OF METAL TRADERS
ENGAGED IN \$50 MILLION FRAUD SCHEME

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, and PASQUALE D'AMURO, Assistant Director In Charge of the New York Office of the Federal Bureau Of Investigation ("FBI"), announced today that RAYMOND YIU and KELVIN YIU, officers of several privately-held scrap metal trading companies incorporated in the State of New York and having their principal places of business in New York, New York, pleaded guilty to bank fraud and conspiracy to commit bank fraud charges, arising out of a scheme to defraud seven banks out of approximately \$50,000,000 through the submission of false and fraudulent loan applications, and false and fraudulent financial statements and audits on behalf of the metal trading businesses.

The charges arise from the YIUs' operation of Ever-Glitter International, Ltd. ("Ever-Glitter"), Pacific Rim Resources, Inc., Eastars Resources Exchange, Inc., Maxwell Metals Inc. , and Gulf Enterprises Inc. (collectively referred to as the "Ever-Glitter Companies" or "Companies"). According to the

Indictment, which was filed on March 11, 2004 and unsealed on March 16, 2004, the Ever-Glitter Companies engaged in the metal trading business, specializing in the trading of ferrous and non-ferrous metal scrap and the shipping of metal scrap to customers for recycling and re-use. As set forth in the Indictment, the Ever-Glitter Companies purchased metal scrap from suppliers in the United States and Europe, mostly on a cash-in-advance basis; maintained their inventories at their suppliers; and sold and shipped the metal scrap to customers located in countries along the Pacific Rim, including China, South Korea and Taiwan. RAYMOND YIU, it is alleged, was an officer of each of the Ever-Glitter Companies and controlled day-to-day operations of the Companies, including their metal trading businesses and new business development. RAYMOND YIU's brother, KELVIN YIU, according to the Indictment, was an officer of each of the Ever-Glitter Companies, and was responsible for the financial operations of the Companies and for maintaining their banking relationships.

The Indictment alleges that, to finance the Ever-Glitter Companies' continuing operations, RAYMOND YIU and KELVIN YIU sought and received financing from seven federally-insured banks. According to the Indictment, the Companies' sales decreased dramatically in 1997, and, in order to maintain their loans and lines of credit and to conceal their diminished business, RAYMOND YIU and KELVIN YIU created false and fraudulent annual audited

financial statements, semi-annual CPA-reviewed financial statements, quarterly management-certified financial statements, accounts receivable aging schedules, and inventory reports, and caused those false and fraudulent records to be submitted to banks that were asked to make available or had made available loans and lines of credit to the Ever-Glitter Companies. According to the Indictment, RAYMOND YIU and KELVIN YIU also commingled the Ever-Glitter Companies' inventories and receivables, and frequently used receipts of one Ever-Glitter Company or borrowed funds of one Company to make payments on the loans of another Ever-Glitter Company. In total, from January 1, 1998 through August 2002, it is alleged, the banks extended the Ever-Glitter Companies over \$50,000,000 in loans and lines of credit. In or about July 2002, the Ever-Glitter Companies defaulted on their loans and ceased operations, according to the Indictment.

According to the Indictment, RAYMOND YIU and KELVIN YIU retained an outside accountant for the Ever-Glitter Companies and caused that accountant to certify falsely that he had independently audited the Ever-Glitter Companies' books and records on an annual basis and reviewed the Ever-Glitter Companies' books and records semi-annually. According to the Indictment, the accountant falsely certified that independent audits of the Ever-Glitter Companies had been performed, when in fact they had not, and that the audits

verified the financial information submitted to the banks by the Companies. It is alleged that RAYMOND YIU and KELVIN YIU denied all attempts by the financing banks to verify the financial records of the Ever-Glitter Companies as well as the outside audits of the Companies' books.

RAYMOND YIU, age 50, resides in Fort Lee, New Jersey, and KELVIN YIU, age 48, resides in Manhasset Hills, New York.

RAYMOND YIU and KELVIN YIU pleaded guilty today, before United States District Judge HAROLD BAER, to one count of bank fraud and one count of conspiracy. Sentencing has been scheduled for October 7, 2004, at 11:00 am. At sentencing, the defendants each face maximum terms of 35 years' imprisonment and fines up to \$1,000,000 or twice the loss resulting from the offenses. The defendants will also be required to pay restitution to the victims of the fraud scheme.

Mr. KELLEY praised the efforts of the Federal Bureau of Investigation in conducting the investigation.

Assistant United States Attorney DANIEL RUZUMNA is in charge of the prosecution.

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